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SUBJECT: ARGENTINA: AMBASSADOR WAYNE'S JUNE 25 MEETING WITH FORMER
PRESIDENT ALFONSIN

REF: BUENOS AIRES 01240

¶1. (SBU) SUMMARY: On June 25, Ambassador Wayne called on former President Raul Alfonsin to discuss Alfonsin's views on the current political panorama in Argentina. Alfonsin frankly shared his view that current economic policies are not sustainable and that Argentina is likely to see economic problems in 2009. He was critical of the Kirchner administration for fostering weak institutions, no separation of powers, and for violating the 'coparticipation' (federal-provincial revenue sharing) principles. In the end, however, he said that he remains an optimist and chooses to focus on the progress that Argentina has made to date. END SUMMARY.

Economic Stability

¶2. (SBU) On June 25, Ambassador Wayne called on former President Raul Alfonsin to discuss Alfonsin's views on the current political panorama in Argentina. Alfonsin frankly shared his view that current economic policies are not sustainable for more than the next 18 to 24 months and that Argentina is likely to see economic problems in 2009 without significant policy shifts. He said that Kirchner's lack of an energy policy would create significant problems. He said that he would have worked harder to expand the gas pipelines from Bolivia to ensure a more regular and sufficient supply of gas in Argentina. He mentioned that he understands Bolivian President Evo Morales's decision to raise the price of gas for exports to Argentina, which then makes one wonder why gas prices shouldn't increase in Argentina to help increase supply. Alfonsin made a point to explain that although he does not see Morales as a threat, he is against Venezuelan President Hugo Chavez's energy policies and his broader approach.

¶3. (SBU) Alfonsin said he believes the current level of GDP growth is unsustainable. He said that Argentina has been lucky that international markets like in China and in India have been strong and have added to Argentina's growth. He said he has several economist friends who do not believe that Argentina will face an economic crisis in 2008, but see it as more likely in 2009. Alfonsin said that the stability of international markets are key to maintaining growth, but if China or India were to suffer a downturn, Argentina could see a crisis sooner.

Criticisms of the Kirchner Administration

¶4. (SBU) Alfonsin was critical of the Kirchner administration for fostering weak institutions, no separation of powers, and for violating the 'coparticipation' (federal-provincial revenue sharing) principles. He said that President Kirchner has "authoritarian leanings" and has eroded the separation of powers in the government. While he thought that Kirchner's appointment of new Supreme Court Justices was positive, Alfonsin said the changes to the Council of Magistrates' composition gives the executive branch too much power to veto dissenting judges. (NOTE: The Council of Magistrates is the body that oversees the nomination, review, and discipline of judges. END NOTE.)

¶5. (SBU) Alfonsin said that federalism in Argentina is just a "shell." He said that Kirchner's use of discretionary funds to 'bribe, extort, and trick' opposition politicians to support him is destroying political parties in Argentina. He said that Kirchner wants to be the sole representative of the center-left against Buenos Aires Mayor-elect Mauricio Macri as the center-right leader. Alfonsin said that he believes Kirchner is not really a center-left politician, but rather a populist. The former president said he feared that Kirchner was trying to take the Radical Civic Union party's center-left role, but he doubted that Kirchner would succeed.

¶6. (SBU) Alfonsin said he thought the destruction of the political party system could lead to an anarchic situation in which strong provincial leaders (caudillos) could create their own fiefdoms. He lamented the lack of dialogue with the current administration and said he thought that the only way to strengthen institutions and lessen the power of the president would be through the ballot box. He said, for instance, that in the Buenos Aires June 24 mayoral election the people's desire for political change (represented by Mauricio Macri) outweighed their satisfaction with continued

economic growth (represented by Daniel Filmus) (reftel).

Still an Optimist

¶7. (SBU) In the end, Alfonsin said that he remains an optimist about the progress that Argentina has made so far. He emphasized that at least the military is no longer involved in politics. He explained his personal ties and affinity to the U.S., where his son's family lives. He said that he is not fond of big receptions, but invited the Ambassador to call on him any time. He also argued frankly that he believed U.S. policy had strayed badly in the Middle East, adding to anti-Americanism in Latin America as well as elsewhere.

WAYNE